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NOVEMBER 9, 1987

CableVision

INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT

CABLE SPORTS HITS THE BIG LEAGUES

BLUE SKY IS BACK AT CITY HALL

GILL FINDS A VCR SOLUTION

MOONEY, VALENTI DUKE IT OUT

FINE-TUNING OF MUST-CARRY LIKELY

BLACK MONDAY AND ITS AFTERMATH: LEARNING TO LIVE IN A BEAR MARKET

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FRONT LINE

Tax law changes 12
Possibly to reassure Wall Street, the top tax writer in the U.S. House signals flexibility on the question of deducting interest expense from mergers and acquisitions.

Promo deals proliferate 13
The Weather Channel and NuCable both announce ventures for offering operators tune-in promotional channels as industry interest in that category grows. TWC, in conjunction with Tele-Communications Inc., will offer three-minute segments twice an hour telling viewers what's on other basic channels.

Viacom sets dubious record 18
Most all cable stocks took a beating on Wall Street on Black Monday and in subsequent days, but the 62 percent slide in Viacom stock probably is the record.

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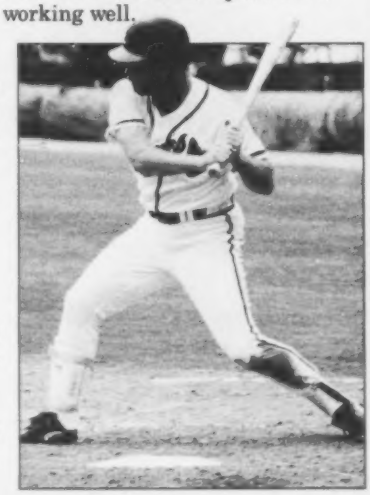
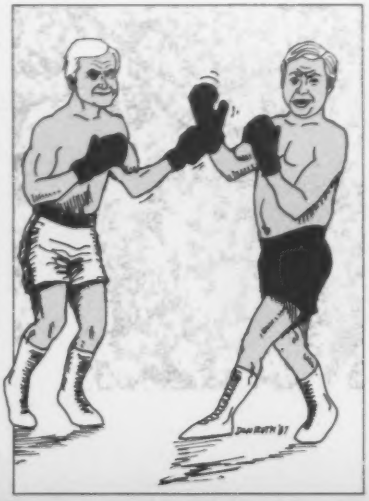


MANAGEMENT

Blue sky is back 44
The Cable Act protects you from unreasonable demands by the city at refranchising time, right? Well, maybe, but many cities are making it clear they will want state-of-the-art rebuilds and are willing to play their trump card—the telcos.



LAW AND REGULATION

And the winner is... 52
Some heavy blows landed, some below the belt, when cable put up its heavyweight, James Mooney, against the reigning champ of rhetoric, Hollywood's Jack Valenti, at a friendly debate in Washington. You decide who won.

Must-carry in court again 56
The same court that threw out the must-carry rules in the landmark *Quincy* decision is again being asked to judge whether the FCC's new and improved version should stand.

COVER STORY

The crash of '87 58
Cable's bull market was gored on Black Monday when industry stocks on average shed 35 percent of their value. Analysts say the plunge has closed the junk bond market and caused other dislocations to the business, but stock buybacks proliferate.

Between the Lines

When market plunged, FNN was first and best

"With all these world crises going on," joked Michael Fuchs at the recent Cable Academy luncheon in Los Angeles, "don't you have a suspicion these 24-hour news services are sort of causing this a little bit. Ted (Turner) is running around with these great ratings on Baby Jessica in the well. He's sending (Robert) Wussler out to put candy on the ledge of every well in America. And Wussler is doing it."

That bit of black humor got a good laugh, but the phenomenon of cable ratings soaring every time a story of national interest breaks is a serious matter that goes to the heart of cable's popularity. It is now an accepted fact of cable programming that millions of Americans have developed an ingrained reflex to turn to cable whenever they want all the news, now.

CNN, of course, created this phenomenon and is its greatest beneficiary. The slaughter of our Marines in Beirut, the explosion of the space shuttle Challenger, and the Texas infant stranded in the abandoned well are among the more notable events upon which the all-news channel has built its reputation as the place to turn when disaster strikes.

Similarly, C-SPAN audiences swell whenever a crisis erupts in Washington. The Senate confirmation hearings on Judge Robert Bork probably did more to engrain C-SPAN II into the national consciousness than any marketing plan ever could have accomplished.

And now we can add another cable channel to the list of those that thrive on crisis: Financial News Network.

When the stock market collapsed, FNN provided a steady stream of information and analysis by financial experts on what was happening and why. In interviews with brokers, lenders and other market insiders, FNN did a commendable job of keeping Americans abreast of what was occurring on Wall Street.

"This is what FNN was born for," Eve Krzyzanowski, vice president of news programming, was quoted as saying in the *New York Times*. In a lengthy story in *The Times* on Oct. 27, FNN was credited with being the first to report that the stock market was nosediving just after trading began on the New York Exchange on Black Monday.

And, *The Times* noted, CNN was the first general news organization to report on the market slide when it took note of the sharp decline about an hour after trading began that day.

By contract, FNN's stock ticker which streams across the bottom of the screen lags the stock exchange tickers by 15 minutes. But more importantly, as *The Times* observed, it can and did report several stock indexes immediately. Thus FNN provided a valuable source of almost instantaneous information on the fluctuating Dow Jones average.

The Times business page article was headlined "FNN Moves Into the Spotlight." And indeed it has. It is yet another example of how cable is revolutionizing television, of how cable can be, as NCTA President James Mooney is fond of saying, the last, best hope of television.

Admittedly, there remain many pimples on the face of cable programming. As is pointed out in our report on the new age of sports on cable, beginning on page 28, there remain several "celebrity arm wrestling" events on some regional and even national programming services. But for every one of those "narrow-interest" events, as ESPN President William Grimes calls them, there is a National Football League game, or a Mets vs. Cardinals contest during the pennant race or a good hockey game called by someone who actually understands the sport.

And cable programming has developed this diversity and sophistication in less time than it took broadcast television to begin transmitting in color.

It would be appropriately symmetrical to close this piece where it opened, with Michael Fuchs and HBO. Happy 15th anniversary.

—Steve Tuttle
Executive Editor

CableVision

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ABP BPA

Film product comparison-December

Film	Pay Networks					Distributor
48 Hrs.	(HBO)		TMC		(MAX)	Paramount
80 Steps to Jonah					MAX	Warner Bros.
A Raisin in the Sun					MAX	Columbia
A Woman Called Golda					MAX	Paramount
About Last Night...	(HBO)				*MAX	Tri-Star
Airplane II: The Sequel		ST			MAX	Paramount
Al Jennings of Oklahoma					MAX	Columbia
Alice's Adventures in Wonderland		*ST	(TMC)			Muller Media
Aliens	(HBO)	(ST)	(TMC)		*MAX	20th Century-Fox
All the Right Moves	HBO		TMC			20th Century-Fox
Amazing Mr. Blunden, The	HBO					Excel Tel.
American Madness					MAX	Columbia
American Ninja		ST	*TMC			Cannon
Anatomy of a Murder					MAX	Columbia
Armed and Dangerous	HBO				(MAX)	Columbia
Around the World in 80 Days		ST			(MAX)	Sage
Arthur		(ST)	*TMC		MAX	Warner Bros.
Arthur's Hallowed Ground			*TMC	*DIS		Film Gallery
Bachelor and the Bobbysoxer, The					MAX	RKO Pictures
Back to School	(HBO)	ST	(TMC)		*MAX	Orion
Back to the Future	(HBO)				*MAX	Universal
Band of the Hand	(HBO)				MAX	Tri-Star
Bandit of Sherwood Forest				(DIS)	MAX	Columbia
Barretts of Wimpole Street		(ST)	(TMC)	*DIS		MGM/UA
Belizaire the Cajun			(TMC)		MAX	Skouras
Betrayed		(ST)	*TMC			MGM/UA
Bette Midler:Divine Madness	HBO					Warner Bros.
Better Off Dead	HBO					Warner Bros.
Bible, The		ST				20th Century-Fox
Big Wednesday	HBO					Warner Bros.
Bite the Bullet	HBO					Columbia
Blue Skies Again			*TMC			Warner Bros.
BMX Bandits	HBO	(ST)				Media Home
Bon Voyage,Charlie Brown	HBO	ST				Paramount
Bonjour Tristesse					MAX	Columbia
Born Free	HBO				(MAX)	Columbia
Boss's Wife, The	HBO					Tri-Star
Boy Who Could Fly,The				(DIS)	MAX	Lorimar-Telepics
Brazil	(HBO)	ST			(MAX)	Universal
Breaking Away		(ST)	(TMC)		MAX	20th Century-Fox
Breakthrough			*TMC			Warner Bros.
Brighton Beach Memoirs	HBO	ST	TMC			Universal
Brothers Karamazov, the		ST				MGM/UA
Buddy Holly Story, The	HBO					Columbia
Bugs Bunny Road-Runner Movie	HBO					Warner Bros.
By the Light of the Silvery Moon			(TMC)		MAX	Warner Bros.
Cactus Flower					MAX	Columbia
Caine Mutiny	HBO					Columbia
Candy Stripe Nurses					MAX	Viacom
Captain Horatio Hornblower		(ST)			MAX	Warner Bros.
Cardinal, The					MAX	Hal Roach
Care Bears II	HBO			(DIS)		Columbia
Carson City		ST	TMC			Warner Bros.
Challenge for Robin Hood	(HBO)	*ST				Warner Bros.
Charley and the Angel				DIS		Disney
Check is in the Mail,The	(HBO)				MAX	ITC Ent.
Cheech and Chong's Nice Dreams	HBO				(MAX)	Columbia
Cheyenne Social Club		(ST)	*TMC		(MAX)	Warner Bros.
Children of a Lesser God		*ST	TMC			Paramount
Chisum		(ST)	*TMC		(MAX)	Warner Bros.
Christmas Visitor, The				DIS		Disney
Close Encounters of the Third Kind					MAX	Columbia
Coast to Coast	HBO					Paramount
Cobra					*MAX	Warner Bros.
Coca-Cola Kid, The	(HBO)		*TMC			Film Gallery
Cocoon	(HBO)	ST			(MAX)	20th Century-Fox
Color of Money, the		ST	TMC			Touchstone
Color Purple, The	HBO					Warner Bros.
Come Fill the Cup			TMC			Warner Bros.
Comedians, The		(ST)	TMC			MGM/UA
Company of Wolves, the		ST	*TMC			Cannon
Cover Girl					MAX	Columbia
Cowboys, The			TMC			Warner Bros.
Creator		(ST)	*TMC		(MAX)	Universal
Crimewave					MAX	Columbia
Cujo					MAX	Warner Bros.
Daffy Duck's Movie	HBO					Warner Bros.
Damned Don't Cry, The			TMC			Warner Bros.
Dangerously Close		(ST)	*TMC			Cannon
Darby O'Gill and the Little People				*DIS		Disney
Dark Forces	HBO					Castle Hill
Dark Horse		ST				Universal
Deadtime Stories			TMC			New Century
Death on the Nile	HBO		TMC			Paramount
Deerslayer, The		ST				Viacom
Desperate Lives	HBO					Lorimar
Detective School Dropouts		(ST)	*TMC			Cannon
Dirty Dozen, The		ST	(TMC)		(MAX)	MGM/UA
Doctor and the Devils			TMC			20th Century-Fox
Dollars ($)					MAX	Columbia
Down and Out in Beverly Hills		(ST)	*TMC			Touchstone
Down Argentine Way				DIS		20th Century-Fox
Dream Chasers, The				*DIS		Pacific Intl.
Electric Dreams	HBO	(ST)	*TMC	(DIS)	(MAX)	MGM/UA
Eliminators		ST	(TMC)			DEG
Every Time We Say Goodbye					MAX	Tri-Star
Except For Me and Thee		(ST)		DIS		20th Century-Fox
F/X	(HBO)		(TMC)		MAX	Orion
Far From the Madding Crowd		ST	(TMC)			MGM/UA
Fast-Walking		ST				Lorimar
Firewalker		ST				Cannon
Fool For Love		(ST)	TMC			Cannon
Foreign Body		ST	TMC		MAX	Orion
Fortress	HBO					Crawford
Foul Play			TMC		MAX	Paramount
From Hell To Texas					MAX	20th Century-Fox
Garses Mother Never Tought You	HBO					Televenture
Gang's All Here, The				*DIS		20th Century-Fox
Getting Even					MAX	Pray/Dallas
Girls School Screamers		*ST	(TMC)			Troma
Glass Bottom Boat, The			TMC	(DIS)	(MAX)	MGM/UA
Gnome-Mobile, The				*DIS		Disney
Godfather Part II, The	HBO				(MAX)	Paramount
Godfather, The	HBO				(MAX)	Paramount
Gods Must Be Crazy, The	(HBO)		TMC		(MAX)	20th Century-Fox
Good Guys and the Bad Guys, The					MAX	Warner Bros.
Goodbye, Mr. Chips		(ST)	(TMC)	*DIS	(MAX)	MGM/UA
Gorky Park			TMC		MAX	Orion
Gospel According to Vic			TMC		MAX	New Century
Greaser's Palace			*TMC			Castle Hill
Great Gatsby, The			(TMC)		MAX	Paramount
Great Love Experiment	(HBO)	ST				Nu-Image Film
Gulliver's Travels				*DIS		Miramax Film
Gunga Din					MAX	RKO Pictures
Guns of Navarone, The					MAX	Columbia
H.O.T.S.		(ST)			MAX	Blum Group
Half Life					MAX	Kino
Hamburger The Motion Picture	HBO					Feldman
Hard Choices		ST	TMC			Lorimar
Hardbodies 2	(HBO)	*ST				Columbia
Haunted School, The				*DIS		RevCom
Head					MAX	Columbia
Heartbreak Ridge	HBO				MAX	Warner Bros.
Heaven With a Gun		ST				MGM/UA
Highlander	(HBO)	ST			(MAX)	20th Century-Fox
Hitcher, The	(HBO)				*MAX	Silver Screen
Homestretch, The				DIS		20th Century-Fox
How the West Was Won		(ST)	TMC		(MAX)	MGM/UA
Hurry Sundown			*TMC		(MAX)	Paramount
Illusions					MAX	Televentures
Independence Day					MAX	Warner Bros.
Into the Homeland	HBO					HBO Pictures
Invaders From Mars		ST	(TMC)			Cannon

Film	Pay Networks					Distributor
Iron Eagle	HBO				(MAX)	Tri-Star
Jazz Singer, The		ST	(TMC)			Warner Bros.
Joshua Then and Now	HBO		TMC			20th Century-Fox
Joy of Sex		(ST)	*TMC			Paramount
Julia		*ST			(MAX)	Essex
Just You and Me,Kid					MAX	Columbia
Karate Kid Part II, The	(HBO)				*MAX	Columbia
Kim		ST	(TMC)	(DIS)	MAX	MGM/UA
King Kong Lives		ST	TMC			DEG
King Solomon's Mines		(ST)	*TMC			Cannon
Kiss of the Spider Woman		*ST	(TMC)			Embassy
Lady Jane			*TMC			Paramount
Legal Eagles	(HBO)	(ST)			MAX	Universal
Legend		(ST)	TMC		(MAX)	Universal
Let's Get Hairy					MAX	Tri-Star
Light Blast		ST	(TMC)			Lorimar
Lookin' To Get Out			TMC			Lorimar
Loose Screws		*ST	(TMC)		(MAX)	New Horizons
Lost Horizon					MAX	Columbia
Love Machine, The					MAX	Columbia
Lucas			*TMC		*MAX	20th Century-Fox
Lullaby of Broadway		ST	(TMC)			Warner Bros.
Magnificant Dope, The			(TMC)	*DIS		20th Century-Fox
Making Contact	HBO				(MAX)	New World
Malcolm					MAX	Vestron Video
Malibu Bikini Shop	HBO					Wescom
Man Who Came to Dinner		*ST				MGM/UA
Manhattan Project, The	(HBO)	ST			(MAX)	20th Century-Fox
Marlowe		ST	*TMC		(MAX)	MGM/UA
Mean Streets					MAX	Warner Bros.
Million Dollar Collar				*DIS		Disney
Miss Mary					MAX	New World
Modern Girls		ST	TMC			Paramount
Mona Lisa		*ST	(TMC)			Island Pictures
Money Pit, The	*HBO	(ST)	(TMC)		(MAX)	Universal
Morgan!			TMC			Viacom
Mouse That Roared, The					MAX	Columbia
Mr. Belvedere Goes to College				*DIS		20th Century-Fox
Mr. Rossi's Dreams				*DIS		Italtoons
My American Cousin	HBO	(ST)	(TMC)			Int'l Spectra
My Little Pony				*DIS		Sunbow Productions
My Side of the Mountain				DIS		Paramount
Nadia				*DIS		Tribune Ent.
Never Too Young To Die			TMC			Goldwyn
Neverending Story, The					MAX	Warner Bros.
Nightforce					MAX	Vestron Video
Ninja III The Domination	HBO				(MAX)	Cannon
Nothing in Common	(HBO)				*MAX	Tri-Star
Nutcracker		ST	TMC			Atlantic
Nutcracker Fantasy				DIS		Sanrio
Off Beat		(ST)	TMC			Touchstone
Official Story, The					MAX	Almi Pictures
Oliver	*HBO					Columbia
On the Double				DIS	(MAX)	Paramount
On the Right Track					MAX	20th Century-Fox
Once Bitten	(HBO)		(TMC)		*MAX	S.Goldwyn
One Magic Christmas				DIS		Disney
One More Saturday Night	HBO					Columbia
Ordinary People		ST			MAX	Paramount
Out of Africa	(HBO)	(ST)	(TMC)		MAX	Universal
Outlaw Josey Wales		(ST)	*TMC		(MAX)	Warner Bros.
Patricia		*ST				Film Gallery
Personal Best					MAX	Warner Bros.
Peter Lundy and the Medicine Hat		(ST)	TMC			Viacom
Pink Chiquitas, The			TMC			20th Century-Fox
Pirate Movie, The					MAX	20th Century-Fox
Playing for Keeps	HBO		TMC			Universal
Please Don't Eat the Pictures				DIS		Children's TV Workshop
Pleasure of His Company			(TMC)	*DIS		Paramount
Plymouth Adventure, The		(ST)		*DIS	(MAX)	MGM/UA
Point, The				*DIS		Murakami
Postman Always Rings Twice, The		ST			MAX	Lorimar
Pretty in Pink		(ST)	*TMC			Paramount
Private Function, A		ST	TMC			Island Pictures
Psycho III	(HBO)	(ST)	(TMC)		MAX	Universal
Pumping Iron II					*MAX	Lorimar-Telepics.
Raw Deal		ST				DEG
Red Sonja		ST	*TMC			TBS
Return of the Antelope				*DIS		Granada TV Intl.
Return of the Jedi	(HBO)	(ST)			MAX	Lucas Film
River Rat, The		ST				Paramount
Roxie Hart				*DIS		20th Century-Fox
Salvador					MAX	Hemdale
Samson and Delilah					MAX	Paramount
Santa Claus	HBO				(MAX)	Tri-Star
Say Yes					*MAX	Cinetel
Scanners	HBO				(MAX)	Mutual Film
Screen Test					MAX	Come Around
Secrets of the Bermuda Triangle					MAX	Warner Bros.
Sensuous Nurse, The		(ST)			MAX	Castle Hill
Seven Brides For Seven Brothers			(TMC)	(DIS)	MAX	MGM/UA
Silent One, The		ST				Satori
Silver Chalice, The		(ST)	(TMC)		MAX	Warner Bros.
Six Weeks			TMC			King Features
Skin Game			TMC		MAX	Warner Bros.
Slayground	HBO					Thorn-Emi
Sloane	HBO					Skouras
Smoke				DIS		
Solarbabies	HBO					MGM/UA
Solo				*DIS		Dayton/Stewart
Something Wild		*ST	(TMC)		(MAX)	Orion
Somewhere, Tomorrow				DIS		Film Gallery
Soul Man	(HBO)				*MAX	New World
Sounder				*DIS		UPA Prod,of America
South Pacific				*DIS		Goldwyn
Spacecamp	HBO				(MAX)	ABC Dist.
Spies Like Us	HBO				(MAX)	Warner Bros.
Stalag 17			TMC		*MAX	Paramount
Stand By Me	(HBO)				*MAX	Columbia
Star Crystal	HBO					New World
Story of David, The					MAX	Columbia
Story of Will Rogers, The		(ST)	(TMC)		MAX	Warner Bros.
Strange Invaders	HBO	(ST)	(TMC)		(MAX)	Orion
Stranger in the House					MAX	Warner Bros.
Streets of Gold			*TMC		(MAX)	Fox/Lorber
Stripper		(ST)	TMC		*MAX	20th Century-Fox
Submission		(ST)	TMC			U.S. Media
Sweet Dreams	(HBO)				MAX	Silver Screen
Tender Age, The	HBO				(MAX)	Skouras
Tex	(HBO)	(ST)	*TMC	(DIS)		Touchstone
That Night in Rio					MAX	20th Century-Fox
There Was A Crooked Man			TMC		MAX	Warner Bros.
This is Spinal Tap					MAX	Embassy
This Property is Condemned					MAX	Paramount
This Sporting Life			*TMC			New Century
Three Amigos!	HBO				MAX	Orion
Thunder Run		~ ST				Cannon
Time After Time	(HBO)				MAX	Warner Bros.
To the Shores of Tripoli				DIS		20th Century-Fox
Top Gun		ST	TMC			Paramount
Trading Places		(ST)	TMC			Paramount
Tuck Everlasting				DIS		Coe Films
Twice in a Lifetime		(ST)	*TMC			Roberts
Two Against the Arctic				DIS		Disney
Two of a Kind				*DIS		N/A
Under Fire			*TMC		(MAX)	Orion
Under the Cherry Moon	HBO					Warner Bros.
Until September	HBO					MGM/UA
Up the Academy	HBO					Warner Bros.
Warrior and the Sorceress		ST				New Horizons
Week-End in Havana					MAX	20th Century-Fox
Weekend Warriors					MAX	TMC Pics.

Cable Network Legend:
TMC—The Movie Channel
HBO—Home Box Office
DIS—The Disney Channel
ST—Showtime
MAX—Cinemax

- Networks in parentheses indicate carriage in June, July August September and/or October.
- An asterisk indicates the film is a carry-over from June, July August September and/or October.
- In total, 299 films appear on the December schedules of Home Box Office, Showtime, The Movie Channel, The Disney Channel and Cinemax. Of those titles, during the last six months, one has played on all five services, nine have played on four of the five services, 33 have played on three, and one hundred and eight have played on two of the five services. One hundred and forty-four titles on the December schedules of these five services were unduplicated in the last six months.
- The motion picture distributor with the most titles is Warner Bros. with 43. Columbia with 31, Paramount with 28, 20th Century-Fox with 22, MGM/UA with 15.

Cable's bull market gored in plunge, sending industry into uncharted waters

Fundamentals of the business remain sound, but 'recession-proof' claim may be tested

By Virginia Munger Kahn

Whatever one thinks about the market crash on Oct. 19, the magnitude of that day's events cannot be underestimated. At the least, the 508 point drop in the Dow Jones industrial average that day will make consumers and businesses more cautious about purchases. At worst, the selloff and its subsequent results could lead to a world financial crisis the likes of which have not been seen in this country for 50 years. For now most experts are downplaying the likelihood of the latter event. They cite the lessons the government learned after the last crash and the controls on the system that were put in place at that time.

But short of such a catastrophe, most businesses in America are confronting a more difficult financial environment where their options for raising capital are diminished and their assumptions for growth may have to be scaled back. The results of these new constraints are likely to include a slowdown in mergers and acquisitions and a plateauing or scaling back of prices not only in the public markets, but in the private markets as well.

Aftermath of the crash

- Cable stocks plummet 35 percent from their highs of just a few months ago
- TCI, ATC, Comcast, United Cable and United Artists announce stock buyback programs
- The junk bond market becomes so expensive as to be considered "closed" to new issues for all intents and purposes
- Continental Cablevision vows to proceed with its acquisition of American Cablesystems. Storer Communications sale, while temporarily put on hold, moves forward. Other deals said to be undergoing restructuring
- Interest rates decline for first time in weeks. Federal Reserve vows to make more money available at lower rates to keep the system liquid

Cable analysts and industry executives are right when they note that their underlying businesses are not directly affected by the severe declines in the stock market's value. About half the country is expected to continue paying for cable television, and the cash flows generated from that activity will continue to serve operators well with the banking community. In fact, with interest rates falling back as the government strives to maintain liquidity in the system, the immediate future looks better than it did a few weeks ago.

This underlying confidence in the business is underscored by the stock buyback programs announced during the week of the crash by five of the six leading cable operators—Tele-Communications Inc., American Television & Communications, Comcast Corp., United Cable and United Artists Communications. In several cases these programs amount to significant percentages of the outstanding, publicly-traded stock in the company. ATC's program, for example, represents almost 15 percent of the company's Class A shares. United Artists' program is similarly ambitious.

In a statement announcing its plans to repurchase 5 million of its shares, Comcast said it wanted to take advantage of an opportunity to increase its holdings of treasury stock "at prices deemed attractive... in light of unusual market conditions now existing."

"If the companies are right that Armageddon is not on its way, this is an opportunity to retrieve their stock. Later they can use it for future acquisitions," notes Mark Riely, an analyst at Eberstadt Fleming. Says Steven Rattner, managing director at Morgan Stanley & Co., "This is a great idea. Where else are you going to buy subscribers at $1,000 per sub?"

That confidence in the business and the opportunity presented by the significant fallback in public stock values leads at least one leading cable lender to say that the "communications industry market is a very attractive deal right now." Next year will be a great year for broadcasters, he says, and the prospects for cable cash flows and the industry's ability to wea-

ther economic conditions are excellent.

If the economy does slow down as a result of the stock market plunge, as consumers and businesses pull back on spending plans, several industry observers and analysts express their faith in cable's ability to pull through such a period in fairly good shape. "As long as you're talking about a recession, it is (recession-proof)," says one investment banker. "If you're not absolutely broke, what do you do? You watch television," he says. John Waller, president of Waller Capital, relishes recounting when he was selling HBO in the back woods of Pennsylvania and West Virginia: "people literally gave up their phones to get cable TV."

Slower growth

Yet Waller and others admit that in a recession, operators would face slower growth in penetration and that pay may suffer if people feel squeezed for money. That realization, that operators will not be able to increase rates as rapidly as they might have planned, means that bankers will look more closely at aggressive projections on high growth where there is a good deal of debt.

At the same time, Riely says the industry would be better off in a recession now than it was during the 1970s when it was more dependent on pay for the bulk of its profits. Basic service now provides the foundation upon which most operators' cash flow is based. Even if inflation picks up again, he says, cable operators are better positioned to cope with the economy because they are no longer rate regulated.

"Among growth industries, there will be less of an impact (on cable)," says Riely. "I think cable operators have that confidence themselves. Otherwise, there wouldn't be five out of the top six operators" buying back their stock.

That confidence in the basic strength of their business aside, operators face a new, far more volatile financial environment as a result of the events of Black Monday. Because values in the public markets have been discounted so severely, it has closed off certain avenues for raising capital and made others far more expensive. The result will be a decline in mergers and acquisitions and a restructuring of some deals already in the works. The impact on the private system market still is unknown, although the events of the past few weeks cannot help but call into question values

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	52 Week High	Closing Quote 10/19	Percent Change
MSOs/Programmers			
Acton	26.50	14.80	47.17
Adams-Russell	43.00	39.38	8.43
Adelphia Comm.	22.75	16.75	26.37
American Cablesystems*	43.13	*	—
American Tele. & Comm.	29.63	20.88	29.53
Cablevision Systems (a)	32.25	26.63	23.63
Centel	75.50	53.88	28.64
Century Communications	21.75	16.00	26.44
Comcast	27.13	20.75	23.52
Disney	82.50	46.00	44.24
Essex Comm. Network	26.25	78.06	25.77
FNN (L)	14.50	6.75	53.45
HSN (L)	47.60	7.88	83.23
Jones Intercable	16.50	11.38	31.03
MCA	66.50	38.75	39.92
Multimedia	74.50	68.08	19.46
New York Times (L)	49.63	29.50	40.56
Playboy Enterprises	16.38	10.36	33.58
QVC (L)	26.00	6.75	74.04
Reeves Comm.	13.88	8.75	36.96
Rogers Cable Amer.	23.88	19.50	18.34
TCA Cable TV	38.25	23.50	22.31
Tele-Communications	30.25	18.50	38.84
Tempo Enterprises (L)	13.38	5.75	57.03
Time Inc.	116.88	81.00	30.70
Times Mirror	105.88	68.00	36.78
Tribune Co.	49.75	36.25	39.20
Turner Broadcasting	13.50	12.60	11.11
United Artists	30.38	23.25	23.47
United Cable TV	26.00	21.00	21.88
Service/Financial Companies			
Capital Cities	450.00	356.00	20.89
Gulf & Western	93.50	63.75	31.82
Manufacturers/Distributors			
Augat	20.63	19.00	33.64
Avantek (L)	19.25	9.75	49.35
Cable TV Ind.	3.00	2.63	12.33
C-Cor Electronics (L)	12.25	5.75	53.06
General Instrument	47.38	29.38	37.99
Morris Corp.	42.75	27.75	35.89
M/A-Com	16.38	10.00	38.95
Microdyne	4.63	3.75	19.01
Oak Industries	2.00	1.13	43.75
Pico Products	9.00	4.50	50.00
Pioneer Electronics	45.25	37.00	18.23
Regency Electronics (L)	8.13	4.50	44.65
RMS Electronics	3.75	2.38	36.53
Scientific-Atlanta	20.25	9.75	51.85
Tektronix	43.25	31.25	27.75
Wavetek	10.88	8.50	21.88

*Stock was not quoted this day

September, 1987
This notice appears as a matter of record only.

SOLD

Certain Assets of
Cable Arizona Corporation
Serving Davis-Monthan Air Force Base

Sale represents 1,725 basic subscribers.

Bruce Falkenberg represented the seller.

coaxial capital

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Denver, CO 80237 (303) 770-7700

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in that market as well.

In comparison to the rest of the market, cable initially did not fare any worse or better. The Dow Jones industrial average fell 36 percent from its Aug. 25 high of 2722 to 1739 Oct. 19. By the end of that historic day, cable MSO and programmer public stock prices also had lost an average 35 percent of the value attained this past summer.

But on Oct. 26 when the over-the-counter market, where many cable stocks are traded, suffered an additional 9 percent selloff, those stocks scraped bottom. Setting new lows on that day were Cablevision Systems, which fell 50 percent from its high to hit $16, and Jones Intercable, which fell to $9 from a high of $16.50.

Some of the hardest hit stocks in recent weeks have also been some of the industry's biggest companies. TCI was trading at $18.50 on Black Monday, off almost 39 percent from its split-adjusted high of $30.25. The next day, when many of the over-the-counter stocks suffered even more than New York and American Exchange issues, TCI fell another $1.12 to $17.375.

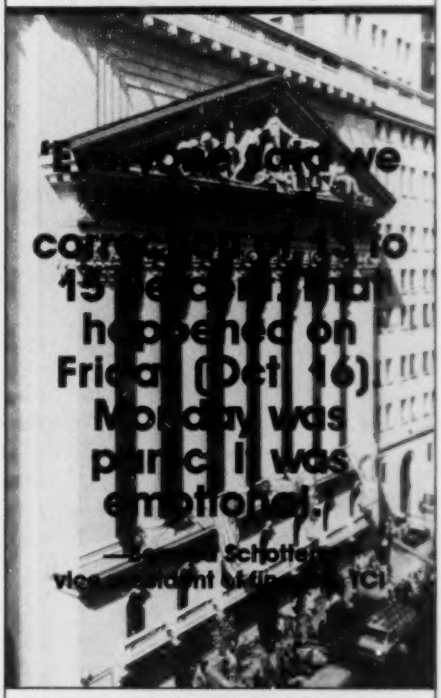
Viacom fell more than 40 percent in value from a high of $28.50 set just weeks before to $17 Oct. 19. The next day it plunged another 7 percent to close at $15.75, and by Oct. 26, it was trading 58 percent off its high at $12 a share. Warner Communications, which often has been discussed as a candidate for restructuring and has posted strong financial results in recent quarters, fell almost 50 percent from a high of $39.25 set during the summer to $19.63.

Companies with perceived strong balance sheets fared better. ATC was off 29.5 percent from a high of $29.63 to a low of $20.88. Like so many cable stocks, however, it fell again the day after the crash to $18.875. Comcast was off 23.5 percent Oct. 19, down to $20.75.

Some of the biggest losers were companies with interests in programming. Home Shopping Network closed at $7.88 on Black Monday, an 83 percent drop from its high of $47. QVC, another home shopping service, lost 74 percent of its value. Turner Broadcasting, however, fared well, losing just 11 percent of its value. The amount of publicly-held shares in Turner is extremely small.

Not surprisingly, takeover stocks fared better than the norm. While American Cablesystems stopped trading for part of the week, on Oct. 22 it was off just 11 percent from its highs. Adams-Russell, under contract for acquisition by Cablevision Systems, was down just 8 percent on Black Monday. United Cable, which was supposed to be merged into United Artists Communications, was down about 22 percent. The deal was called off the day after Wall Street's debacle (see related story). However, in subsequent trading Oct. 26, American Cablesystems fell to $34 a share and Adams-Russell was down to $36.625.

"Everyone said we needed a correction of 13 to 15 percent," notes Bernard Schotters, vice president-



finance at TCI. "That happened on Friday (Oct. 16). Monday was panic. It was emotional," he says.

If the Dow Jones industrial average stays at about 2000, notes one investment banker, that would be a decline of 25 percent from its August high. "That doesn't seem unreasonable," he says. However, the market has fallen more than that in recent days.

Paul Marsh, media analyst for Fahnestock & Co., attributes cable's poor performance to the over-the-counter market. "No company in that bailiwick has avoided (taking a dive). It's more a function of being in the OTC than the inherent values in the stocks themselves," he says. As Mark Riely notes, the American and New York Stock Exchange markets "are more organized" than the OTC, and those companies without earnings visibility got hit especially hard. At least cable companies are establishing a basis for their stocks as a result of the buyback programs, say these analysts.

'Financial markets are dead'

The most immediate effect of the decline in public shareholder values has been the closing off of both the equity and public bond markets to cable operators. "The financial markets are dead," Steven Rattner said two days after the big selloff. Issuing public debt or equity "is very difficult and will continue to be until the markets get a sense of where things are going," TCI's Schotters said.

Obviously, the market for public equities, and securities with equity features, as a forum for raising capital has been foreclosed. "We're telling people to lay low right now," says Alan Stein, executive director of Montgomery Securities, which has helped underwrite many new stock issues. "The big question is when will it (the market) stabilize. You know you've had a tremendous shock here," he says.

Because few cable companies have issued stock in recent months the impact of the constriction in this part of the capital market is minimal. Securities such as convertible debentures, however, which have been used by many large MSOs recently, are not considered feasible at this time.

Even more serious for the industry's ability to raise capital has been the performance of the junk bond market in recent weeks. According to industry executives and investment bankers, that market now is closed for all intents and purposes to new issuers of debt. Despite the strength of the corporate bond market for companies with investment grade ratings, the same has not been true for companies that must issue debt in the junk bond market.

Wall Street sources point to Storer Communications' issuance of $400 million in public debt as evidence of the difficulty and expense entailed in going to the junk bond market. The debt was issued as part of the sale of a portion of the company's broadcast properties to the Gillett Group. The three issues pay interest rates of between 15.5 percent and 17.5 percent. "It took an immense amount of effort" to get that deal done, said one Wall Street source.

According to Mike Marocco, associate at Morgan Stanley, cable issues that were trading in the high 11 percent yield level are now trading in the mid-13 percent level. Intermediate credits are now averaging 14 percent yields

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whereas a few weeks ago they were trading in the mid-12 percent range, while the poorest credits now offer 15 percent yields whereas they used to trade in the low 13 percent range. The interest payments are the same for the companies that issue the bonds, but prices on the bonds have declined, along with the stock market, thereby promising holders higher returns.

Wall Street sources blame the junk bond market's difficulties on the flight to quality in all financial instruments. The result has been that even as interest rates have declined—the prime dropped from 9 and ¾ percent to 9 percent late last week, junk bonds have continued to trade like equities, with a perceived higher rate of risk and higher rates of return.

Mergers imperiled

The foreclosure of the junk bond market will have a significant impact on mergers and acquisitions in cable. While many larger MSOs have bank lines of credit they can tap to close large transactions, there are several other buyers in the market who are highly reliant on junk bond financings for such large purchases. Combined with the decline in equity values, these buyers could be forced out of the market.

"This will take out the marginal buyers like (Robert) Bass and (Jack Kent) Cooke," says one investment banker. "They try to finance most of their deals with just 10 to 15 percent equity," this source says. If that equity is worth less today and the junk bond market is out of reach, these buyers will have to put up more equity or reevaluate their purchases.

As one banker notes, "Given the conditions in the junk bond market, (M&A activity) will slow down. It will be difficult to do a big deal relying on the public markets."

That already has occurred in several industries. Carl Icahn called off his proposed leveraged buyout of TWA. Jardine Holdings pulled back from a proposed offer to acquire 20 percent of Bear, Stearns, and Dart walked away from an effort to acquire Dayton Hudson.

Within the cable industry, United Artists Communications and United Cable Television called off their proposed merger, and Storer Communications temporarily put its deal on hold as a result of market dislocation and questions about new tax legislation in Congress. Apparently, however, talks later resumed between KKR and a potential new acquirer.

Investment bankers say they would be surprised if most deals without a signed commitment were not subject to restructuring as a result of recent weeks' events. "They should throw a deal like (Storer) into jeopardy," said one investment banker. Reportedly, Star Cablevision's agreement to purchase North American Communications is under negotiation.

Investors also appeared to lose faith in the likelihood that transactions that already have been announced will be carried through. American Cablesystems was trading at $34 a share Oct. 26 when Continental Cablevision had agreed to pay $46.50 for the company. Adams-Russell was trading at $36.625 that day despite an agreement with Cablevision Systems to be bought for $43.075 a share.

Those transactions are expected to go through at their agreed upon prices. Tim Neher, president of Continental Cablevision, says "there is no change" in the Continental offer for American. "We'll go forward with the transaction. The price was determined by private market values and the operating fundamentals of (American's) business" have not changed, he notes.

Significantly, financing for both the Continental and Cablevision deals will consist primarily of bank, or private, debt. With interest rates falling and lenders expressing continued confidence in the industry's fundamental business, those lines of financing are expected to continue to be readily available to the industry. "I don't see anything to suggest that lenders will pull back," notes Phil Hogue, president of investment banking for Daniels & Associates. "There is not a high likelihood that the (interest) rate structure will rise" in the short term, he says.

The primary effect of the stock market plunge, says Neher, has been to send money into the system and interest rates down. "The economics of the deal are better" than ever, he indicates.

The extent to which large MSOs and other buyers with large lines of credit continue to feed the market for mergers and acquisitions will have much to do with their perception of values. While most cable executives are confident about the intrinsic worth of their companies, the market's plunge has forced them to question whether or not there has been a fundamental shift in cable valuation, note industry veterans and observers alike. Indications are they will wait on the sidelines until the markets sort themselves out.

"It's not a matter of enough money," says TCI's Schotters, "it's a question of what is the value today?" TCI buys properties on the basis of their discounted value of cash flow. "There may be some change" in that value, he said.

The result of such hesitation on the part of a major purchaser such as TCI is likely to be a lessening of upward pressure on prices. Riely notes that with major MSOs able to pick up their own subscribers at significant discounts by buying back their stock, there will be less pressure on them to buy subscribers in the private market at $2,000 each. While large systems with strategic value will continue to command premium prices, many industry observers are predicting that the market will begin to discriminate more between properties.

Despite concerns about the public market and its potential for influencing private market prices, most brokers express confidence in the continued strength of the private system market. "We're used to 50 to 60 percent discounts in the public markets anyway," notes Jay Bush, senior vice president at Daniels & Associates. "The public market has never really directly affected the private market." Notes John Waller, "the price (of a cable company) is not what the public market is, it is what people are willing to pay."

According to Rick Patterson, vice president at Waller Capital, "Of the deals in our shop, not one is changing one iota."

With interest rates headed down, the financing scenarios look even more attractive, note the brokers, and there

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is no reason to think that multiples will change in the future. "I don't see any immediate reason for revaluing the underlying assets of the business," says Bush.

The key in the future will be whether or not there is as much money chasing cable deals as there has been in the past.

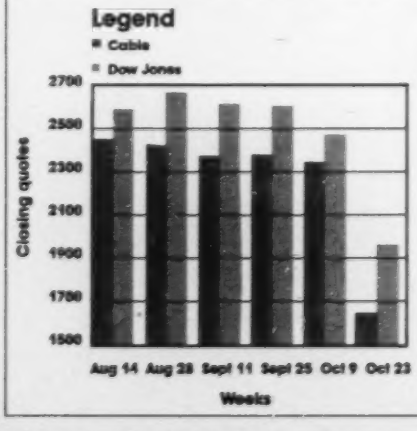
While industry executives and brokers express confidence in the fundamentals of the business, most analysts note that cable stocks are not likely to recover quickly from the shock they've received in recent weeks. As has traditionally been the case, stocks of companies without earnings visibility have been slower to recover than those with earnings. "My guess is that they will make their lows and bounce around there for a while... until things straighten out," predicts one analyst.

However, over the long term, Wall Street sources express continued confidence in these issues. "I'm generally optimistic," says Marsh. "Twenty-two dollars per subscriber a month is pretty good," he says. "Cable is recession-resistent."

Unfortunately, that truism may be sorely tested in coming months.

As far as the financial markets are concerned, Schotters notes, "there has been a huge reaction" to the market's plunge. But, what that means for mergers and acquisitions and for future valuation of companies and their stocks is not clear. The one thing that is known is that as far as cable companies are concerned, the public markets right now have come to a halt. ■

CableVision Stock Index



STOCK MARKET

EXCH	COMPANY	CLOSING QUOTE 10/09/87	CLOSING QUOTE 10/23/87	NET CHANGE IN PERIOD	PERCENT CHANGE IN PERIOD	P/E RATIO	ANNUAL DIV	ANNUAL YLD%	EARNINGS PER SHARE	52 WEEK HIGH	52 WEEK LOW
MSOs & PROGRAMMERS											
ASE	ACTON	20.00	13.25	-6.75	-33.75	5	0.00	—	2.90	26.50	7.50
ASE	ADAMS RUSSEL(H)	42.25	38.75	-3.50	-8.28	646	0.00	—	0.06	43.00	18.38
OTC	ADELPHIA COMM.(L)	19.00	13.75	-5.25	-27.63	—	0.00	—	d	22.75	13.75
OTC	AEL IND (ci a)(L)	14.00	10.25	-3.75	-26.79	10	0.00	—	1.06	15.25	9.75
ASE	AMERICAN CABLESYSTEMS*(H)	27.88	37.75	9.87	35.40	—	0.00	—	d	43.13	12.50
OTC	AMERICAN TELE & COMM	25.13	21.50	-3.63	-14.44	72	0.00	—	0.30	29.63	14.50
ASE	CABLEVISION SYS (a)	31.00	21.25	-9.75	-31.45	—	0.00	—	d	32.25	18.75
NYS	CENTEL(L)	66.00	55.00	-11.00	-16.67	14	2.56	4.69	3.80	75.50	50.00
OTC	CENTURY COMMUNICATIONS	17.75	12.50	-5.25	-29.58	—	0.00	—	d	21.75	9.50
OTC	COMCAST	25.25	18.38	-6.87	-27.21	—	0.12	0.65	d	27.13	16.63
NYS	DISNEY	73.75	52.50	-21.25	-28.81	18	0.32	0.61	2.84	82.50	39.63
OTC	ESSEX COMM. NETWORK	22.75	15.75	-7.00	-30.77	—	0.00	—	d	24.25	8.00
OTC	FINANCIAL NEWS NET.(L)	9.88	5.63	-4.25	-43.02	35	0.00	—	0.16	16.00	5.50
ASE	HOME SHOPPING NETWORK(L)	11.63	6.63	-5.00	-42.99	20	0.00	—	0.33	47.00	5.00
OTC	J2 COMMUNICATIONS	3.50	2.50	-1.00	-28.57	—	0.00	—	d	5.00	1.75
OTC	JONES INTERCABLE(L)	13.75	10.00	-3.75	-27.27	22	0.00	—	0.46	16.50	10.00
NYS	MCA(L)	54.63	38.13	-16.50	-30.20	21	0.68	1.78	1.78	64.50	32.00
ASE	LORIMAR-TELEPICTURES(L)	15.00	8.25	-6.75	-45.00	—	0.00	—	d	23.50	8.25
OTC	MULTIMEDIA	69.75	47.50	-22.25	-31.90	4750	0.00	—	0.01	74.50	40.50
ASE	NEW YORK TIMES(L)	40.88	31.50	-9.38	-22.95	17	0.44	1.40	1.87	49.63	28.25
OTC	NORTH AMER. COMM	28.88	24.00	-4.88	-16.90	—	0.00	—	d	29.38	8.50
NYS	PLAYBOY ENTERPRISES	13.88	10.75	-3.13	-22.55	15	0.00	—	0.74	16.38	8.38
OTC	QVC(L)	8.88	5.38	-3.50	-39.41	—	0.00	—	d	26.00	5.38
OTC	REEVES COMMUNICATION(L)	11.38	6.25	-5.13	-45.08	14	0.00	—	0.45	13.00	5.38
OTC	ROGERS COMMUNICATION	25.13	19.00	-6.13	-24.39	—	0.00	—	d	27.50	15.75
OTC	ROGERS CABLE AMER.	23.63	16.13	-7.50	-31.74	—	0.00	—	d	23.88	10.50
OTC	TCA CABLE TV	27.25	23.13	-4.12	-15.12	46	0.24	1.04	0.48	30.25	16.50
OTC	TELE-COMMUNICATIONS	23.88	20.13	-3.75	-15.70	39	0.00	—	0.52	30.25	14.88
ASE	TEMPO ENTERPRISES(L)	6.50	5.00	-1.50	-23.08	10	0.16	3.20	0.49	15.63	4.63
NYS	TIME INC.	101.13	82.00	-19.13	-18.92	23	1.00	1.22	3.53	116.88	68.63
NYS	TIMES MIRROR	99.63	74.13	-25.50	-25.59	15	1.64	2.21	4.80	105.88	60.00
NYS	TRIBUNE CO.	46.25	36.63	-9.62	-20.80	24	0.60	1.64	1.52	49.75	28.38
ASE	TURNER BROADCASTING	12.50	11.88	-0.62	-4.96	—	0.00	—	d	13.50	6.25
OTC	UNITED ARTISTS	26.50	18.50	-8.00	-30.19	—	0.00	—	d	30.38	15.50
NYs	UNITED CABLE TV	25.00	25.00	0.00	0.00	—	0.08	0.32	d	26.88	16.50
ASE	VIACOM(L)	26.75	16.00	-10.75	-40.19	—	0.00	—	d	28.50	11.50
NYS	WARNER COMM.(L)	36.00	25.25	-10.75	-29.86	14	0.40	1.58	1.75	39.25	17.50
SERVICE & FINANCIAL COMPANIES											
OTC	BURNUP & SIMS	6.88	5.38	-1.50	-21.80	11	0.00	—	0.48	7.63	3.38
NYS	CAPITAL CITIES	424.63	336.50	-88.13	-20.75	24	0.20	0.06	14.28	450.00	250.50
NYS	GULF & WESTERN(L)	86.00	64.00	-22.00	-25.58	14	1.20	1.88	4.70	93.50	59.25
MANUFACTURERS & DISTRIBUTORS											
OTC	AM COMMUNICATION(L)	1.00	0.69	-0.31	-31.00	—	0.00	—	d	3.00	0.69
OTC	ARTEL	2.50	1.88	-0.62	-24.80	—	0.00	—	d	4.75	1.75
NYS	ARVIN(L)	28.50	20.00	-8.50	-29.82	8	0.68	3.40	2.60	39.75	19.00
NYS	AUGAT(L)	25.75	14.25	-11.50	-44.66	—	0.40	2.81	d	28.63	13.75
OTC	AVANTEK(L)	13.38	8.88	-4.50	-33.63	17	0.00	—	0.52	19.25	9.13
OTC	CABLE TV IND.	2.50	1.88	-0.62	-24.80	—	0.00	—	d	3.00	1.63
OTC	C-COR ELECTRONICS(L)	8.75	5.63	-3.12	-35.66	14	0.00	—	0.39	12.25	5.00
OTC	COMPACT VIDEO(L)	4.25	2.63	-1.62	-38.12	—	0.00	—	d	6.63	2.50
NYS	CONTEL CORP.(L)	36.38	30.13	-6.25	-17.18	11	2.00	6.64	2.64	39.50	25.00
OTC	DATAVISION(L)	1.75	1.13	-0.63	-35.71	—	0.00	—	d	4.50	0.75
OTC	GANDALF TECH.(L)	7.94	5.88	-2.06	-25.94	9	0.00	—	0.62	10.63	4.75
NYS	GENERAL INSTRUMENT	42.13	23.88	-18.25	-43.32	—	0.25	1.05	d	47.38	15.88
OTC	GRAPHIC SCANNING(L)	8.38	5.13	-3.26	-38.84	4	0.00	—	1.15	15.00	4.75
NYS	HARRIS CORP.(L)	38.13	26.50	-11.63	-30.50	12	0.88	3.32	2.13	42.75	24.00
NYS	M/A-COM(L)	13.00	9.00	-4.00	-30.77	5	0.24	2.67	1.75	16.38	8.63
OTC	MICRODYNE(L)	4.13	2.88	-1.25	-30.18	—	0.08	2.08	d	4.63	2.88
NYS	NORTH AMER. PHILIPS	55.75	55.50	-0.25	-0.45	23	1.00	1.80	2.40	55.75	37.00
NYS	OAK INDUSTRIES	1.63	1.13	-0.50	-30.98	—	0.00	—	d	2.00	0.75
ASE	PICO PRODUCTS	6.63	4.63	-2.00	-30.17	42	0.00	—	0.11	9.00	1.63
NYS	PIONEER ELECTRONICS	42.50	31.50	-11.00	-25.88	43	0.13	0.41	0.74	45.25	22.25
OTC	RADIATION SYSTEMS(L)	12.50	8.50	-4.00	-32.00	15	0.00	—	0.56	14.00	7.63
OTC	REGENCY ELECTRONICS(L)	6.00	4.25	-1.75	-29.17	—	0.20	4.71	d	8.13	4.25
ASE	RMS INTERNATIONAL	2.63	2.00	-0.63	-23.95	—	0.00	—	d	3.75	1.00
NYS	SCIENTIFIC-ATLANTA	14.75	10.63	-4.12	-27.93	10	0.12	1.13	1.04	20.25	8.88
OTC	SIGMAFORM(L)	4.75	3.25	-1.50	-31.58	18	0.00	—	0.18	6.25	3.25
OTC	TECH COMM. INT'L.	22.75	16.50	-6.25	-27.47	12	0.00	—	1.39	23.75	13.50
NYS	TEKTRONIX(L)	34.38	27.50	-6.88	-20.01	28	0.60	2.18	1.00	43.25	27.50
NYS	VARIAN ASSOCIATES(L)	36.75	24.25	-12.50	-34.01	121	0.26	1.07	0.20	39.75	20.00
OTC	WAVETEK	10.63	8.38	-2.24	-21.13	21	0.00	—	0.40	10.88	6.75

MARKET DIARY:

ADVANCES	1
DECLINES	57
UNCHANGED	1
NEW HIGHS	2
NEW LOWS	33

LARGEST DOLLAR GAINER....American Cablesystems*(H) . +$9.87
LARGEST DOLLAR LOSER....Capital Cities . . . . . −$88.13
LARGEST PERCENTAGE GAINER.American Cablesystems*(H) . . . . +35.40%
LARGEST PERCENTAGE LOSER....Reeves Communication . −45.08%

(H) = NEW HIGH IN PERIOD
(L) = NEW LOW IN PERIOD
(d) = DEFICIT
(s) = reflects stock split

ALL OTC QUOTES ARE REPRESENTED BY THE BID PRICE

Provided by David J. Siegel, Kidder, Peabody & Co., Inc. (212)309-3138, (800)223-1874. The information contained in this report has been taken from trade and statistical services and other sources which we deem reliable. We do not represent that it is accurate or complete. The information is subject to change.

* Kidder, Peabody & Co. Incorporated was manager or co-manager of a public offering of this issuer or one of its subsidiaries.

Subscriber Count

Satellite national services

ACTS Satellite Network	325	6,000,000
Alternate View Network	238	2,770,000
America's Value Network	212	4,150,000
Arts & Entertainment (A&E)	2,400	27,000,000
Black Entertainment Television (BET)	912	17,000,000
CBN Cable Network	7,710	36,708,000
C-SPAN	2,600	31,000,000
C-SPAN II	420	11,600,000
Cable News Network (CNN)	11,423	41,642,000
Cable Value Network	150	19,000,000
Consumer Discount Network	68	550,000
Country Music Television	520	6,750,000
The Discovery Channel	2,400	24,848,000
ESPN	17,000	43,700,000
Eternal Word Television Network (EWTN)	373	6,300,000
The Fashion Channel	500	6,500,000
Financial News Network (FNN)	1,690	26,700,000
FNN/Score	1,080	19,800,000
FNN/TelShop	700	11,100,000
GalaVision	288	300,000
Gospel Music Network	31	744,447
Headline News	3,452	28,352,000
Hit Video USA	160	2,100,000
Home Shopping Network	1,108	15,200,000
Home Shopping Network 2	260	5,800,000
International Television Network	56	7,868,900
The Inspirational Network	1,083	10,747,700
The Learning Channel	900	10,340,253
Liberty Broadcasting Network	39	1,049,218
Lifetime	3,500	34,000,000
The Motivation Network	24	450,000
Movietime	56	2,000,000
Music Television (MTV)	4,340	37,100,000
The Nashville Network	5,200	35,000,000
National Jewish Television (NJTV)	295	6,800,000
National Shopping Club	65	1,560,000
Nick At Night	3,862	31,000,000
Nickelodeon	5,430	35,800,000
The Nostalgia Channel	150	1,400,000
QVC Network	731	10,394,159
Shop Television Network	60	2,400,000
Silent Network	300	9,500,000
Tempo Television	650	12,500,000
The Travel Channel	190	5,550,000
Trinity Broadcasting Network	523	7,037,000
USA Network	9,200	39,000,000
Video Hits One (VH-1)	1,460	22,900,000
Video Shopping Mall	600	14,000,000
The Weather Channel	2,850	31,053,000
WGN-TV	10,422	22,481,204
WOR-TV	2,212	9,464,548
WPIX-TV	396	2,470,564
WTBS-TV	12,399	41,642,000

Pay services

American Movie Classics	1,200	7,000,000
Bravo	350	500,000
Cinemax	3,650	4,100,000
The Disney Channel	4,300	3,175,000
Festival	N/A	N/A
Home Box Office (HBO)	6,700	15,000,000
The Movie Channel	3,250	3,250,000
The Playboy Channel	600	550,000
Showtime	3,200	5,400,000

Audio services

Cable Radio Network	32	738,000
KKGO Super Jazz	16	146,533
Moody Bible Institute	62	934,528
Satellite Radio Network	251	740,000
Seeburg Lifestyle Music	142	2,576,838
Seeburg Lifestyle Adult Contemporary	26	854,390
Tempo Sound	107	350,000
WFMT Chicago	182	1,399,125

Text services

AP News Cable	185	2,500,000
AP Business Plus	54	1,400,000
AP Business Watch	20	500,000
AP News Plus	75	2,100,000
Cable SportsTracker	40	2,353,322
DBC/MarketWatch	240	5,000,000
Electronic Program Guide (EPG)	315	7,109,080
EPG Jr.	145	157,330
Genesis Cable Storytime	35	1,350,000
Reuters News View	127	2,437,000
TV Decisions	170	6,300,000
UPI Data Cable	450	4,000,000
X*Press	60	1,000
X*Press Exchange	200	1,000,006

Non-satellite-fed national services

Bicycled services	Affiliates	Subscribers
Cable Auto Showcase	5	400,000
Cable Video Entertainment	205	15,500,000
Fuji Network	3	12,000
Nippon Golden Network	3	13,660
Telaction	N/A	N/A
Vector Consumer News	5	200,000
Vector Consumer Shopping Guide	9	325,000

Regional entertainment services

Basic services	Affiliates	Subscribers
Atlanta Interfaith	7	156,000
Bay Area Religious Channel (BARC)	6	113,000
Buffalo Sabres Hockey	9	400,000
Cable TV Network of New Jersey	34	1,369,829
The Ecumenical Channel	12	170,000
KTVT	234	1,891,170
Life Newsvision	35	50,000
Madison Square Garden	93	2,120,000
Meadows Racing Network	15	600,000
News 12 Long Island	7	500,000
Prime Cable	8	330,709
Prime Ticket	30	1,600,000
SportsVision (Chicago)	45	939,400

Pay services

Home Sports Entertainment—Houston/Dallas	140	450,000
Home Team Sports	100	748,000
New England Sports Network	152	210,370
PRISM-Philadelphia	86	396,578
Pro-Am Sports	140	301,000
SportsChannel (Florida)	2	45,000
SportsChannel (New England)	142	730,000
SportsChannel (New York)	77	842,000
Z Channel	21	84,000

Note: Figures for affiliate and subscriber counts will be updated quarterly unless information is provided by the service. Send information to: CableVision, Attention Cable Stats, P.O. Box 5208-T.A., Denver, CO 80217.
N/A denotes information not available.
TBA denotes to be announced.

Announced services

Satellite-fed services	Expected launch
Americana Network	2nd Quarter 1988
El Canal Musical	4th Quarter 1987
International Cablecasting's Cable Radio Network	1st Quarter 1988
Pay-Per-View Network	12/87
Pay-Per-View Partners	4th Quarter 1987
The Preview Network	4th Quarter 1987
Teleworld Network Television	5/88
Tunnelvision	11/87
Tuxxedo Network	12/87
World Travel Network	4th Quarter 1987
You TV	1/88